



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual quarter		Cumulative quarter	
	Current year 30/09/15 RM'000	Preceding year corresponding quarter 30/09/14 RM'000	Current year to date 30/09/15 RM'000	Preceding year corresponding period 30/09/14 RM'000
Revenue	31,524	47,334	77,475	121,395
Operating expenses	(32,607)	(46,209)	(80,467)	(121,351)
Other operating income	8,248	318	10,766	1,497
Profit from operations	7,165	1,443	7,774	1,541
Finance costs	(6)	(6)	(16)	(20)
Profit before tax from continuing operations	7,159	1,437	7,758	1,521
Tax expense	(1,157)	(309)	(1,361)	(394)
Profit for the period from continuing operations	6,002	1,128	6,397	1,127
<b>Discontinued operations</b>				
Profit / (Loss) for the period from discontinued operations	292	(5,494)	2,918	(4,764)
Profit / (Loss) for the period	6,294	(4,366)	9,315	(3,637)
Attributable to:				
Owners of the parents	6,221	(3,305)	8,187	(1,962)
Non-controlling interests	73	(1,061)	1,128	(1,675)
	6,294	(4,366)	9,315	(3,637)
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic (sen)	3.7	(2.0)	4.9	(1.2)

(The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report)



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/09/15 RM'000	30/09/14 RM'000	30/09/15 RM'000	30/09/14 RM'000
Profit / (Loss) for the period	6,294	(4,366)	9,315	(3,637)
Other comprehensive income/(loss), net of tax:				
Fair value of available-for-sale financial assets	-	-	-	306
Reclassification adjustment on disposal of available-for-sale financial assets	-	-	-	(1,835)
<b>Total comprehensive income / (loss)</b>	<b>6,294</b>	<b>(4,366)</b>	<b>9,315</b>	<b>(5,166)</b>
Attributable to:				
Owners of the parents	6,221	(3,305)	8,187	(3,491)
Non-controlling interests	73	(1,061)	1,128	(1,675)
	<b>6,294</b>	<b>(4,366)</b>	<b>9,315</b>	<b>(5,166)</b>

(The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report)



ACOUSTECH BERHAD (Co. No: 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/09/15 RM'000	31/12/14 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12,868	30,795
Investment in a jointly controlled entity	-	227
Goodwill on consolidation	11,541	-
	<u>24,409</u>	<u>31,022</u>
<b>Current assets</b>		
Property development costs	35,484	-
Inventories	5,188	11,370
Accrued billings in respect of property development costs	1,456	-
Trade and other receivables and prepayments	44,701	33,478
Tax recoverable	637	1,043
Short term funds	59,099	43,011
Cash, bank balances and deposits	20,094	15,534
Non-current assets classified as held for sale	-	5,665
	<u>166,659</u>	<u>110,101</u>
<b>TOTAL ASSETS</b>	<u><u>191,068</u></u>	<u><u>141,123</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	88,911	88,911
Reserves	26,451	18,264
	<u>115,362</u>	<u>107,175</u>
Non-controlling interests	1,968	4,197
<b>TOTAL EQUITY</b>	<u><u>117,330</u></u>	<u><u>111,372</u></u>
<b>Non-current liabilities</b>		
Borrowings	20,293	-
Deferred taxation	1,844	1,630
	<u>22,137</u>	<u>1,630</u>
<b>Current Liabilities</b>		
Trade and other payables	49,596	28,069
Borrowings	1,856	-
Derivative financial instruments	-	52
Tax liabilities	149	-
	<u>51,601</u>	<u>28,121</u>
<b>TOTAL LIABILITIES</b>	<u><u>73,738</u></u>	<u><u>29,751</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>191,068</u></u>	<u><u>141,123</u></u>
Net assets per share attributable to owners of the parent (RM)	0.68	0.64

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ACOUSTECH BERHAD (Co. No : 496665-W)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	30/09/15 RM'000	30/09/14 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
- continuing operations	7,758	1,521
- discontinued operations	3,063	(5,356)
Adjustments for non cash items	<u>(5,142)</u>	<u>1,435</u>
Operating profit / (loss) before working capital changes	5,679	(2,400)
Net changes in working capital	<u>3,930</u>	<u>4,810</u>
Cash from operations	9,609	2,410
Interest paid	(8)	(21)
Tax (paid) / refund	<u>(778)</u>	<u>204</u>
Net cash from operating activities	<u>8,823</u>	<u>2,593</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	1,500	972
Proceed from disposal of investment	-	5,590
Dividend received	224	1,650
Proceeds from disposal of property, plant and equipment	28,050	16
Acquisition of a subsidiary, net of cash acquired	(12,828)	-
Acquisition of non-controlling interests in a subsidiary	(1,363)	-
Deposit paid for acquisition of a subsidiary	(1,550)	-
Purchase of property, plant and equipment	(409)	(1,236)
Short term funds	-	3,988
Treasury shares	-	(1,791)
Net cash from investing activities	<u>13,624</u>	<u>9,189</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to the shareholders of the Company	-	(33,703)
Dividend paid to non-controlling interests	(1,950)	(1,500)
Borrowings	(51)	-
Net cash used in financing activities	<u>(2,001)</u>	<u>(35,203)</u>
Net increase / (decrease) in cash and cash equivalents	20,446	(23,421)
Effects of exchange rate fluctuations on cash and cash equivalents	202	544
Cash and cash equivalents at beginning of financial period	<u>58,545</u>	<u>73,663</u>
Cash and cash equivalents at end of financial period	<u>79,193</u>	<u>50,786</u>

(The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report)



**ACOUSTECH BERHAD (Co. No : 496665-W)**  
**INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent						Total equity RM'000
	Share capital RM'000	Non-distributable Share premium RM'000	Available-for-sales reserves RM'000	Retained profits RM'000	Treasury shares RM'000	Total controlling interests RM'000	
<b>At 1 Jan 2015</b>	88,911	7,342	-	18,241	(7,319)	107,175	111,372
Total comprehensive loss	-	-	-	8,187	-	8,187	9,315
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,950)
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	(1,407)
<b>At 30 Sep 2015</b>	<b>88,911</b>	<b>7,342</b>	<b>-</b>	<b>26,428</b>	<b>(7,319)</b>	<b>115,362</b>	<b>117,330</b>
<b>At 1 Jan 2014</b>	88,911	7,342	1,529	54,028	(5,528)	146,282	153,617
Profit for the financial period	-	-	-	(1,962)	-	(1,962)	(3,637)
Fair value gain on available-for-sale investment	-	-	306	-	-	306	306
Reclassification adjustment on disposal of available-for-sale financial assets	-	-	(1,835)	-	-	(1,835)	(1,835)
Total comprehensive loss	-	-	(1,529)	(1,962)	-	(3,491)	(5,166)
Dividend paid in respect of financial year ended 31 December 2014	-	-	-	(33,703)	-	(33,703)	(33,703)
Dividend to non controlling interests of a subsidiary company	-	-	-	-	-	-	(1,500)
Repurchase of shares	-	-	-	-	(1,791)	(1,791)	(1,791)
<b>At 30 Sep 2014</b>	<b>88,911</b>	<b>7,342</b>	<b>-</b>	<b>18,363</b>	<b>(7,319)</b>	<b>107,297</b>	<b>111,457</b>

(The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report)

## EXPLANATORY NOTES

The figures have not been audited

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### 1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", International Financial Reporting Standards and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2014, except for the adoption of the following:

<b>MFRSs/ Amendments/Interpretations</b>	<b>Effective date</b>
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)</i>	1 July 2014
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>	1 July 2014
Amendments to MFRS 8, <i>Operating Segments (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 13, <i>Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)</i>	1 July 2014
Amendments to MFRS 116, <i>Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014
Amendments to MFRS 124, <i>Related Party Disclosures (Annual Improvements 2010-2012 Cycle)</i>	1 July 2014

The initial application of the aforesaid applicable standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

## EXPLANATORY NOTES

The figures have not been audited

### 2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

### 3. Segmental Information

	Audio RM'000	Property Development RM'000	(Discontinued Operations) Electrical equipment RM'000	Total RM'000
<b>9-month ended 30 September 2015</b>				
<b>Revenue</b>				
External revenue	67,982	9,493	-	77,475
<b>Results</b>				
Segment results	5,317	581	732	6,630
Unallocated corporate expenses				(435)
Operating profit				6,195
Finance costs				(17)
Gain on disposal of property, plant and equipment	2,309	-	2,335	4,644
Share of results of a joint venture	-	-	(3)	(3)
Profit before tax				10,819
Tax expense				(1,504)
Profit for the period				9,315
<b>9-month ended 30 September 2014</b>				
<b>Revenue</b>				
External revenue	121,395	12,347	4,112	137,854
<b>Results</b>				
Segment results	1,583	(908)	(6,354)	(5,679)
Unallocated corporate expenses				(128)
Operating loss				(5,807)
Finance costs				(38)
Gain on disposal of investment	-	1,835	-	1,835
Share of results of a joint venture	-	-	175	175
Loss before tax				(3,835)
Tax expense				198
Loss for the period				(3,637)

## EXPLANATORY NOTES

The figures have not been audited

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### 4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flow during the current quarter and financial year-to-date.

### 5. Changes in Estimates

There were no significant changes in estimates of amount reported in prior interim period or prior financial year that have a material effect in the current quarter and financial year-to-date.

### 6. Comments about Seasonal or Cyclical Factors

Other than the audio sales which are seasonal and are affected by economic conditions in countries in which the products are sold, there were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

### 7. Dividends Paid

The Board has not paid any dividend for the current quarter (30 September 2014: Special interim single tier dividend of 20.0 sen per ordinary share of RM0.50 each).

### 8. Carrying Amount of Revalued Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

### 9. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the current financial year-to-date.

### 10. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial year to-date under review except for on 29 May 2015, the Board of Directors announced that the Company has entered into a conditional Share Sale Agreement with Ong Li Tak, Teo Chai Hock, Lee Kwan Fat, Lee Boon Fie, Ng Kang Wee, Ho Koon Loong and Toh Kie Ho for the acquisition of 2,000,000 ordinary shares of RM1.00 each representing 100% equity interest in the issued and paid-up share capital of Teras Eco Sdn Bhd ("TESB") for a cash consideration of RM13,500,000.00. The acquisition has been completed on 16 July 2015. As a result, TESB became a wholly owned subsidiary of the Company.



## EXPLANATORY NOTES

The figures have not been audited

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### 11. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet date.

### 12. Subsequent Events

There were no material events subsequent to 30 September 2015 that have not been reflected in the interim report.

### 13. Review of Performance

During the financial period under review, the Group's audio division registered significantly higher profit before tax of RM7.6 million compared to RM1.6 million in the previous corresponding period. The increase was attributable to inclusion of one-off gain on disposal of property, plant and equipment of RM2.3 million and foreign exchange gain. Subsequent to the disposal of its audio operations in Sungai Petani, audio division registered lower sales of RM68.0 million for the current financial period compared to RM121.4 million in the previous year's corresponding period.

Property development division made its maiden contribution to the Group by registering sales of RM9.5 million and profit before tax of RM0.6 million.

### 14. Material Change In Profit Before Tax For The Current Quarter As Compared With The Immediate Preceding Quarter

In respect of continuing operations which comprise audio and property development divisions, the Group registered profit before tax of RM4.3 million (excluding one-off gain on disposal of landed properties of RM2.9 million) for the current quarter compared to profit before tax of RM1.7 million in the immediate preceding quarter mainly due to higher sales and foreign exchange gain.

Subsequent to completion of the acquisition of a subsidiary in third quarter as disclosed in Note 10 of this interim report, property development division registered profit before tax of RM0.6 million.

### 15. Prospects for the current financial year

Barring unforeseen circumstances, the Directors deem the business environment for the current year to be highly challenging due to various macro-economic factors such as slowing economic growth in the emerging markets and fluctuating currency. The Board will be undertaking various measures to streamline operations with a view to reducing excess production capacity and reducing operational costs. With the cessation of its audio operations in Sungai Petani in Q1 2015 and completion of the acquisition of a subsidiary which is involved in property development, the Board cautiously expects to achieve profitable results for the financial year ending 2015.

**EXPLANATORY NOTES**
**The figures have not been audited**
**16. Deviation from Profit Forecast and Profit Guarantee**

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

**17. (i) Profit Before Tax From Continuing Operations**

The profit before tax of the Group from continuing operations is arrived at after charging/(crediting):

	Current Quarter 30/09/15 RM'000	Current Quarter 30/09/14 RM'000	Cumulative Quarter 30/09/15 RM'000	Cumulative Quarter 30/09/14 RM'000
Depreciation and amortisation	228	799	1,141	2,341
Foreign exchange (gain) / loss	(4,045)	(143)	(4,725)	(237)
Derivatives (gain) / loss	(82)	-	(55)	-
Interest income	(28)	(11)	(55)	(40)
Income from short term funds	(314)	(162)	(1,099)	(760)
Interest expense	3	6	13	20
(Gain) / Loss on disposal of property, plant and equipment	(2,871)	-	(2,309)	-
Property, plant and equipment written off	-	1	-	2

**(ii) Cash and Cash Equivalents**

The cash and cash equivalents at end of the period comprise of the following:

	Current year to date RM'000 30/09/15	Preceding year to date RM'000 30/09/14
<b>Continuing operations</b>		
Short term funds	54,062	19,578
Cash, bank balances and deposits	17,227	13,620
<b>Discontinued operations</b>		
Short term funds	5,036	3,204
Cash, bank balances and deposits	2,868	14,384
	<b>79,193</b>	<b>50,786</b>

**EXPLANATORY NOTES**
**The figures have not been audited**
**18. Discontinued Operations Classified As Held For Sale**

An analysis of the results of the discontinued operations is as follows:

	<b>Current Quarter 30/09/15 RM'000</b>	<b>Current Quarter 30/09/14 RM'000</b>	<b>Cumulative Quarter 30/09/15 RM'000</b>	<b>Cumulative Quarter 30/09/14 RM'000</b>
Revenue	-	4,446	-	16,459
Operating expenses	(39)	(10,917)	(50)	(24,655)
Other operating income	409	406	3,117	848
Profit / (Loss) from operations	<b>370</b>	<b>(6,065)</b>	<b>3,067</b>	<b>(7,348)</b>
Finance costs	-	(5)	(1)	(18)
Gain on disposal of investment	-	-	-	1,835
Share of loss of a joint venture	-	22	(3)	175
Profit / (Loss) before tax	<b>370</b>	<b>(6,048)</b>	<b>3,063</b>	<b>(5,356)</b>
Tax expense	(78)	554	(145)	592
Profit for the period	<b>292</b>	<b>(5,494)</b>	<b>2,918</b>	<b>(4,764)</b>

The following amounts have been included in arriving at (loss)/profit before tax of the discontinued operations:

	<b>Current Quarter 30/09/15 RM'000</b>	<b>Current Quarter 30/09/14 RM'000</b>	<b>Cumulative Quarter 30/09/15 RM'000</b>	<b>Cumulative Quarter 30/09/14 RM'000</b>
Charging / (Crediting):-				
Depreciation and amortisation	-	320	-	971
Foreign exchange (gain) / (loss)	(206)	(252)	(301)	(56)
Derivatives loss	-	(1)	-	43
Interest income	(7)	(174)	(185)	(128)
Income from short term funds	(66)	(12)	(161)	(44)
Interest expense	-	5	-	18
(Gain) / Loss on disposal of property, plant and equipment	-	(15)	(2,335)	(15)
Property, plant and equipment written off	-	-	-	52

## EXPLANATORY NOTES

The figures have not been audited

### 19. Income Tax Expense

The taxation of the Group comprises the following:

	Current Quarter 30/09/15 RM'000	Current Quarter 30/09/14 RM'000	Cumulative Quarter 30/09/15 RM'000	Cumulative Quarter 30/09/14 RM'000
In respect of current period				
- income tax	1,210	209	1,292	290
- deferred tax	25	10	214	(34)
In respect of prior year				
- income tax	-	(464)	-	(454)
	<b>1,235</b>	<b>(245)</b>	<b>1,506</b>	<b>(198)</b>

The effective tax rate for the financial year-to-date is lower than the statutory tax rate mainly due to certain income which are capital in nature.

### 20. Corporate Proposals

There were no corporate proposals announced which remained incomplete as at the date of issue of the interim report except for:

- (i) On 19 August 2015, the Board of Directors announced that the Company has entered into a conditional Share Sale Agreement with Teo Chai Hock and Lee Boon Leng for the acquisition of 100 ordinary shares of RM1.00 each representing 100% equity interest in the issued and paid-up share capital of JM Cemerlang Sdn Bhd for a cash consideration of RM15,500,000.00.
- (ii) On 6 November 2015, the Board of Directors announced that the Company has entered into a conditional Share Sale Agreement with Liu Hung Chi for the disposal of 4,500,000 ordinary shares of RM1.00 each representing 75% of the issued and paid up share capital of Formosa Prosonic Equipment Sdn Bhd for a total cash consideration of RM5,750,000.00.

**EXPLANATORY NOTES****The figures have not been audited**

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**21. Group Borrowings and Debt Securities**

Group borrowings, which are denominated in Ringgit Malaysia, as at 30 September 2015 are as follows:

	RM'000
(a) Short term borrowings	
<u>Unsecured</u>	
Hire purchase	48
<u>Secured</u>	
Term loans	1,808
	<u>1,856</u>
(b) Long term borrowings	
<u>Unsecured</u>	
Hire purchase	230
<u>Secured</u>	
Term loans	20,063
	<u>20,293</u>

**22. Material Litigation**

The Group does not have any material litigation as at the date of this report.

**23. Dividend Payable**

The Board has not recommended any dividend for the current quarter.

**EXPLANATORY NOTES**
**The figures have not been audited**
**24. Earnings Per Share**
**Basic earnings per share**

	<b>Current Quarter 30/09/15</b>	<b>Current Quarter 30/09/14</b>	<b>Cumulative Quarter 30/09/15</b>	<b>Cumulative Quarter 30/09/14</b>
Profit / (Loss) attributable to equity holders of the parent (RM'000)				
from:				
- continuing operations	6,002	1,092	6,397	1,164
- discontinued operations	219	(4,397)	1,790	(3,126)
	<b>6,221</b>	<b>(3,305)</b>	<b>8,187</b>	<b>(1,962)</b>
Weighted average no. of shares in issue ('000)	168,517	169,266	168,517	169,266
Basic EPS (sen)				
From:				
- continuing operations	3.6	0.6	3.8	0.7
- discontinued operations	0.1	(2.6)	1.1	(1.9)
	<b>3.7</b>	<b>(2.0)</b>	<b>4.9</b>	<b>(1.2)</b>

**25. Realised and Unrealised Profits**

	<b>As At End Of Current Quarter 30/09/15 RM'000</b>	<b>As At End Of Preceding Quarter 31/12/14 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	46,854	39,071
- Unrealised	(1,788)	(1,329)
	<b>45,066</b>	<b>37,742</b>
Total share of retained profits from a joint venture:		
- Realised	-	(1,593)
- Unrealised	-	4
	<b>-</b>	<b>(1,589)</b>
	<b>45,066</b>	<b>36,153</b>
Less: Consolidation adjustments	<b>(18,638)</b>	<b>(17,912)</b>
Total Group retained profits	<b>26,428</b>	<b>18,241</b>